

15 September 1970

## FINAL REPORT OF SUBPANEL ON BASIC AGREEMENTS

The following two items remained for study by the Subpanel on Basic Agreements:

Item 3 c. - Exchange of information on Basic Agreements between Procurement Teams; e.g., travel subsistence, patents.

After further consideration of this item it is the opinion of the subpanel that no real problem exists in this area of coordination since, in the final analysis, each Contracting Officer will normally examine the Contractor's established policy with respect to travel and subsistence for reasonableness before adoption into the terms of the Basic Agreement.

Information regarding patents will be coordinated, as required, in accordance with the procedures of OL Procurement Note No. 31 and LI. 1-15.

Item 3 d. - Coordinating with ICAD on overhead rates, IR&D, etc.

1. Under current procedures, ICAD prepares listings of all current contracts and task orders by contractor and provides interim audit reports on these contracts and task orders only to those procurement teams having cognizance of same. This procedure seems perfectly logical and satisfactory and neither the Panel nor ICAD sees any reason for change.

2. The matter of determining use of appropriate overhead rates has particular significance in relation to the study of Basic Agreements and to Task Orders issued thereunder. Generally speaking, this information is available from two sources, to wit, the Department of Defense and ICAD. The following procedures are recommended:

(a) Contractors under ICAD audit cognizance

ICAD upon completion of an overhead audit will furnish their report to the Chief, Procurement Management Staff for assignment to a Contracting Officer who shall have the responsibility for negotiating the rates applicable to all Agency held contracts. Presumably, this responsibility could be assigned to the Procurement Team with the predominant number of Contracts with this Contractor. An invitation to participate in such negotiations could likewise be issued to other interested Contracting Officers. The results of the negotiation could be reported to FMS for dissemination to

other Procurement Teams as appropriate for incorporation into their contracts.

(b) Contractors under DOD audit cognizance

Information on overhead rates negotiated by DOD will be furnished by ICAD to each Procurement Team holding contracts with the contractor. It will be the responsibility of each Contracting Officer to review this information and determine its applicability to his contracts. In the event that ICAD should disagree with the DOD negotiated rates, they would send the information to the Chief, PMS with their recommendations. The Chief, PMS would assign responsibility for determining rates acceptable to the Agency in accordance with the procedure suggested in paragraph (a) above.

(c) Short-term overhead rates

Since short-term overhead rate determinations normally take place only in connection with the settlement of a specified contract, it is recommended that ICAD furnish information supporting such determination only to the Procurement Team initiating the request.

(d) Overhead rate proposals

Since the Contracting Officer has the responsibility for determining acceptability of contractor's overhead rates for any given fiscal period, the timely submission of the Contractor's proposal for such rates is highly desirable. ICAD concurs in a procedure which provides that the ICAD team representative will alert the cognizant Contracting Officer to that point in time when he should request an overhead rate proposal from the contractor.

SUMMARY

In summarizing, the Subpanel on Basic Agreements makes the following observations and/or recommendations:

1. The Basic Agreement is a useful contracting mechanism and should be retained. The circumstances in which its use would be appropriate should be determined by each individual Procurement Team.

2. The administration and control of Basic Agreements logically lies with the Procurement Team initiating same. It is contemplated that Task Orders would be issued only by the Team originating the Basic Agreement.

3. It is recommended that under normal circumstances the Basic Agreement be written for a term of three years.

4. It is believed that coordination of information between Procurement Teams relating to Basic Agreement provisions when required on a formal basis can be effected through the Chief, Procurement Management Staff.

5. Coordination with ICAD particularly in matters concerning overhead rates applicable to Task Orders under Basic Agreements is necessary. Recommended procedures for determining rates are detailed in this report.

6. The Subpanel is in no position at this time to make any recommendations with respect to establishing a contract numbering system for Basic Agreements. This matter should be for future consideration and coordination with the Support Information Planning Staff.

7. The maintenance of current clauses for the Basic Agreement "boiler-plate" is a function of the Procurement Management Staff under LI 1-15. It is contemplated that adequate procedures will be established to provide this information to the Procurement Teams.

Respectfully submitted.

[Redacted Signature]

Chairman

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